

HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. # Ranking Democratic Member

214 O'Neill HOB # Washington, DC 20515 # 202-226-7200 # www.house.gov/budget_democrats

March 27, 2001

Democratic Floor Sheets for Budget Debate

Dear Democratic Colleague:

Tonight, the House will begin debate on the FY2002 House Republican budget resolution which the Budget Committee passed on a strict party line vote last Wednesday evening. Attached are floor sheets which outline the many flaws with the Republican resolution and the many virtues in the Democratic alternative I will be offering.

The Republican budget jettisons our nation's top priorities, including Social Security and Medicare, to pay for a tax cut costing over \$2 trillion. Republicans cut important domestic initiatives such as child care, heating assistance for the poor, and environmental protection. They even shorten the solvency of Medicare by funding their paltry drug plan out of the Medicare surplus.

By contrast, our Democratic budget is a prudent budget framework. We extend the solvency of Social Security and Medicare. We propose a \$730 billion tax cut targeted to working families. Since our tax cut is more affordable, we provide more funds for a variety of top priorities, including education, prescription drugs, agriculture, veterans benefits, defense, and environmental protection. And we can still afford to pay down more debt than the Republican plan.

I hope you find these floor sheets, which were prepared by the House Budget Committee's Democratic staff, helpful during the debate. Please feel free to call me or the House Budget Committee's Democratic staff if you have any questions.

Sincerely,

John M. Spratt, Jr.
Ranking Democratic Member

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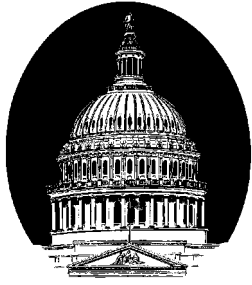
Democrats Expand Economic Opportunity for Working Families

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Republicans Take a Bite Out of Crime Fighters

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Revised

The Report Card: The Democratic versus the Republican Budget

The Republican budget fails to fund the elementary needs of the country. The Democratic budget provides a prudent framework for meeting these needs. Republicans gamble the future on a tax cut based on surpluses that may never materialize instead of providing for debt reduction, Medicare and Social Security solvency, and investments that meet the challenges of the coming century. Even defense is put on a back burner until the tax cut can be rammed through Congress. Democrats cut taxes, invest in the future, extend the solvency of Medicare and Social Security, and pay down more debt than the Republicans.

Investments For the Future	Democratic Plan	Republican Plan
Education	\$151 billion	\$21.4 billion
Farm Aid	\$46 billion	\$0
Scientific and Energy Research	\$14.8 billion	\$9.3 billion
Defense	\$115 billion	\$67.5 billion
Medicare Prescription Drugs	\$330 billion	\$153 billion
Environmental Programs	\$6.3 billion	<i>Minus</i> \$52.8 billion
EITC Expansion	\$60.4 billion	\$12.9 billion
Veterans Health Care	\$7 billion	<i>Minus</i> \$5.7 Billion
Debt Reduction	\$3.7 trillion	\$2.8 trillion
Tax Cuts	\$910 billion	\$2.5 trillion

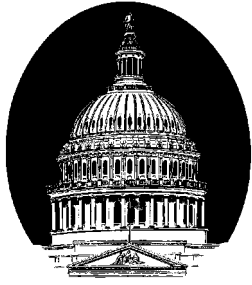
note: numbers are ten year totals (2002-2011) relative to CBO baseline

Grading the Budgets

The report card above highlights the dramatic differences between the Republicans and the Democrats in securing the future for all Americans. As this report card clearly demonstrates, the Republicans get "F"s in every category.

The Republican budget abandons a balanced approach and aggressively pushes a large tax cut that is fiscally reckless. The Republican budget does so at the expense of properly funding priority investments or taking advantage of the window of opportunity our nation has to eradicate the national debt and prepare for the retirement of the baby boomers.

The Democratic budget strikes the proper balance among several important priorities: 1) preparing for the imminent retirement of the baby boom generation by extending the solvency of Social Security and Medicare; 2) investing in critical priorities like education, health care for seniors, scientific and medical research, and the environment; and 3) providing equitable tax relief for working families. In every major category, the Democratic budget beats the Republican plan hands down.



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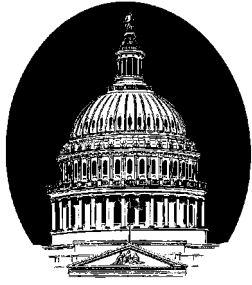
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Democratic Budget Beats Republican Budget Across the Board

- ***Democrats Retire All Redeemable Public Debt by 2008; Republicans Don't*** — Republicans claim to do the same. However, they base their claim on the assumption that none of their “reserve funds” are spent for defense spending, farm assistance, Medicare reform, or “other critical needs.” These “reserve funds” surely will be spent, and the excessive Republican tax cut will prevent reduction of the debt even by the moderate amount their resolution claims.
- ***Democrats Provide Tax Relief to All Taxpayers, Not Just the Few*** — Three-fourths of taxpayers pay more payroll taxes than income taxes, and Democrats' tax package expands the earned income tax credit (EITC) to offset some of this burden for working families with children. Less than one percent of the Republican tax cut goes to the expand the EITC, while 45 percent of the tax cut's benefits go to the top one percent of the income distribution.
- ***Democrats Provide a Credible Prescription Drug Benefit, While Republicans Raid Medicare*** — The Republican prescription drug proposal is a meager \$153 billion, which is taken from the Medicare Trust Fund, shortening its solvency and requiring future cuts in benefits promised in current law. Democrats' prescription drug proposal is more than twice as large and provides a meaningful benefit for seniors facing escalating drug costs without endangering existing Medicare benefits.
- ***Democrats Extend Solvency of Medicare and Social Security; Republicans Shorten Solvency*** — The Democratic budget puts \$910 billion over ten years into the Medicare and Social Security Trust Funds, with these resources coming from outside the two programs. Republicans propose using part of both the Medicare and the Social Security surpluses for new purposes. This reduces the solvency of Medicare by five years and the solvency of Social Security by nine years.

- ***Democrats Provide Realistic Funding for Priority Investments; Republicans Depend on a “Magic Asterisk”***— Democrats use one third of the non-Social Security, non-Medicare surplus for priority investments like a Medicare prescription drug benefit, education, farm assistance, quality of life for those in uniform, veterans’ health, the environment, and law enforcement. Republicans’ spending initiatives are paid for with putative, unspecified future spending cuts in other areas—the infamous “magic asterisk.”



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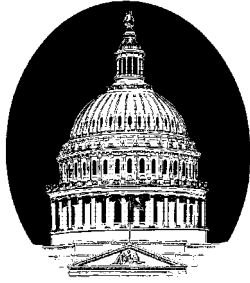
The Empty Promises of the Republican Budget

- ***Republicans Mortgage the Future Based on a Guess*** — The enormous tax cut in the Republican budget leaves no room for error. If projected surpluses fail to materialize, the exploding tax cut will drain resources from Social Security and Medicare at the very time that those programs face their greatest challenges. At best, the Republican budget squanders a unique opportunity to use current prosperity to address enduring problems and to prepare for future challenges. At worst, it gambles the very prosperity that is at the heart of that opportunity.
- ***The Republican Budget Threatens the Solvency of Social Security and Medicare*** — The Republican budget shortens the solvency of both Social Security and Medicare by allowing the trust funds to be used for purposes other than benefits defined in current law. Republicans intend to use Social Security funds for retirement accounts invested in the stock market. The Republican budget also allows the Medicare HI Trust Fund to be tapped for an undefined Medicare prescription drug and reform proposal. The surpluses going to both trust funds are dedicated to existing benefits promised in current law, and using them for other purposes shortens Medicare's solvency by five years and Social Security's by nine years.
- ***The Republican Budget Doesn't Provide for an Adequate Medicare Drug Benefit and Republican Leaders Know It***— The Republican budget includes only \$153 billion for an undefined prescription drug benefit and undefined Medicare reform. This is less than the cost of last year's Republican prescription drug bill (\$159 billion over ten years), and the price of prescription drugs has increased since then.

Rep. Billy Tauzin, Chairman of the Energy and Commerce Committee, said, "Everybody knows that figure is gone." It was set before CBO re-estimated last year's House bill, which he said is "already over \$200 billion and climbing." (Congress Daily, 3/22/01). Republican leaders have indicated that they intend to cover only those with low incomes even though over half of those without Medicare drug coverage have incomes above 150 percent of poverty.

- ***The Republican Budget's Unspecified Medicare "Reform" Means Vouchers*** — The key feature of past Republican proposals to restructure Medicare has been replacing the current defined benefit with a defined contribution program. This means abolishing the seniors' universal entitlement to health care and replacing it with a voucher covering a portion of a person's insurance costs. The Republican budget has few resources devoted to Medicare, and whatever "reforms" they contemplate will require increased beneficiary costs, benefit cuts, limits on access to services for seniors, and provider payment cuts.
- ***The Republican Budget Claims to Offer Tax Relief to All Families But Doesn't*** — Three-fourths of taxpayers pay more payroll taxes than income taxes, and the Democrats' tax package expands the earned income tax credit (EITC) to offset some of this burden for working families with children. Less than one percent of the Republican tax cut goes to the expand the EITC, while 45 percent of the tax cut's benefits go to the top one percent of the income distribution.
- ***The President Has Made Environmental Promises, But Where's the Money?*** — President Bush has made two major environmental promises: (1) to provide \$900 million ("full funding") for the state and federal land acquisition programs funded out of the Land and Water Conservation Fund (LWCF); and (2) to eliminate the \$4.9 billion maintenance backlog of the National Park Service. However, with his funding totals, he can only live up to these promises by cutting other vital environmental and natural resources programs. The Republican budget follows his lead.
- ***The Republican Budget Rolls Back Environmental Promises*** — The Republican budget backtracks on last year's landmark agreement setting aside dedicated funding for conservation, preservation, and recreation programs. The Republicans don't provide the \$10.4 billion called for in last year's bipartisan commitment to protect the environment.
- ***Republicans Don't Do Enough for Pell Grants*** - For 2002, the Republican increase of \$1 billion for Pell Grants is only enough to raise the maximum award by \$150, from the current \$3750 to \$3900. President Bush promised to raise the maximum Pell Grant award to \$5100 for freshmen. The Republican budget falls \$1.5 billion short of the amount needed to fulfill this promise.
- ***Where's the Defense Funding for 2002?*** — The Republican budget presumably maintains the same levels for DOD, DOE, and the other defense activities as the February Blueprint. If so, the resolution provides \$310.5 billion for DOD, which appears to be \$4.1 billion above the level needed, according to CBO, to maintain purchasing power at the 2001 level. However, \$3.9 billion of this amount is required to provide health care benefits to Medicare-eligible military retirees for 2002 in accordance with last year's National Defense Authorization Act. Thus, the budget resolution provides only \$200 million more than the amount needed to maintain purchasing power at the 2001 level, and only \$100 million more than the level recommended by former President Clinton.

- ***Backtracking on Heating Assistance*** —Last fall, President Bush expressed support for the LIHEAP program and called for release of LIHEAP emergency funds to relieve the energy crunch for low-income families and seniors. The Republican resolution freezes LIHEAP funds in 2002 and does not provide any emergency reserves for this purpose.
- ***Republicans Fail to Provide for Election Reform*** — The Republican budget does not include funds to help state and local election jurisdictions replace or modernize their outdated and outmoded voting technologies for the 2002 election cycle in order to avoid the fiasco of the 2000 election.



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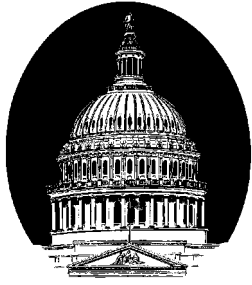
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Republicans Shorten Social Security and Medicare Solvency

- ***Republicans Use the Social Security Surplus and the Medicare Surpluses for New Purposes*** — The Social Security and Medicare surpluses are already committed to providing existing benefits promised by current law. Republican background material on the budget resolution suggests they use about \$600 billion of the Social Security surplus to fund new retirement accounts for stock market investment. They use \$153 billion of the Medicare HI surplus to add a prescription drug benefit and finance unspecified “reforms.”
- ***Using the Social Security and Medicare Surpluses for Purposes Other Than Existing Benefits Shortens the Trust Funds’ Solvency*** — If Republicans “carve out” \$600 billion from the Social Security Trust Fund, they reduce its solvency by nine years, hastening the date of insolvency to 2029. The \$153 billion “carve out” from the Medicare HI Trust Fund shortens its solvency by five years, hastening the date of insolvency to 2024.
- ***Democrats Extend Solvency of Medicare and Social Security*** — The Democratic budget injects \$910 billion of the surplus from outside of Social Security and Medicare into the trust funds. The trust funds, in turn, are required by law to use these funds, plus their own surpluses, exclusively to provide benefits promised in existing law.
- ***Democrats Require That the Treasury Use Surpluses to Prepare for Future Financial Challenges*** — Social Security and Medicare are required by law to purchase special Treasury bonds to be redeemed for future benefits with funds not needed to pay current benefits. The Democratic budget also requires that the Treasury use all money received from the trust funds (the Social Security and Medicare surpluses plus the additional \$910 billion described above) to reduce publicly held debt. This will put the government on the soundest possible financial footing when the baby boom begins to retire in 2008.



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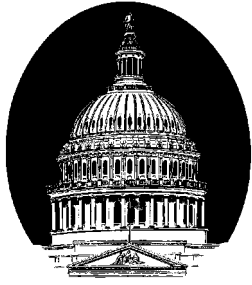
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Democrats Provide \$910 Billion in Tax Relief

- ***Democrats Provide Immediate Economic Stimulus Before Turning to Structural Tax Relief*** — The Democratic budget provides for a tax cut of up to \$60 billion in the current fiscal year to jump-start the economy. This tax cut is sufficiently large and sufficiently prompt to provide insurance that the current slowdown does not become a downturn. The Democratic budget then moves long-term structural tax relief totaling \$910 billion (including debt service costs) later in the year as part of a balanced framework for apportioning the ten-year surplus among competing priorities.
- ***Democrats Provide a Substantial Tax That We Can Afford*** — The Democratic budget provides tax relief of \$910 billion over ten years, including debt service. This equals one third of the surplus outside of Social Security and Medicare. The Democratic tax cut, though large, still leaves room for other priorities like Social Security and Medicare solvency, education, a Medicare prescription drug benefit, and debt reduction.
- ***The Republican Tax Cut Consumes Virtually the Entire Surplus*** — Tax cuts are the overriding priority of the Republican budget. Their cut costs \$2.5 trillion over ten years, including debt service and the inevitable cost of fixing the Bush tax cut's intolerable interactions with the alternative minimum tax (AMT). This consumes nearly all of the \$2.7 trillion surplus outside of Social Security and Medicare.
- ***Democrats' Tax Cut Doesn't Explode Like the Republicans'*** — The specific cuts in the Democrats' tax package do not consume a full one-third of the available surplus after 2007, leaving room for future tax cuts should projected surpluses materialize. The Republicans' tax cut explodes in cost and keeps exploding because many provisions are not fully effective for years to come.

- ***Democrats Provide Tax Relief to All Working Families, Unlike Republicans*** — The Democratic tax cut reduces tax rates for all taxpayers, mitigates the marriage penalty, provides help for the low-income working families, and shields all but the very largest estates from taxation. Except for those at the very top, the Democratic tax cut provides more relief and provides it sooner than the Republican tax cut.
- ***Republicans Deny Tax Relief to Those Who Work Hard and Play by the Rules*** — The President proposes cutting only income taxes and estate taxes. However, three-fourths of families pay more in payroll taxes than in income taxes, and 98 percent of estates are not subject to tax. Many working families, like President Bush's oft-cited waitress, get no tax cut under the Republican plan. This is because the earned income tax credit (EITC), which is designed to offset some of the burden of payroll taxes, is not expanded. Former President Reagan called the EITC "the best anti-poverty program there is," but the Republican tax cut plan virtually ignores it.



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Democrats Live Up To Education Promises

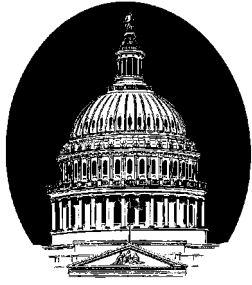
- ! ***Republicans Fail on Education*** — For 2002, the Republican budget only increases appropriated funding for the Department of Education by \$2.4 billion (5.7 percent) over the 2001 enacted levels. The Republicans provide less than half the average increase Congress has granted Department of Education appropriations for the last five years. To inflate their increase, Republicans claim credit for funding already provided by Congress for 2002 appropriations. Such misleading claims cannot hide the fact that the Republican budget does not adequately address our nation's education needs.

- ! ***Democratic Budget Provides Resources Commensurate to Needs*** — For 2002, the Democratic budget provides \$4.8 billion more in appropriated funding for education and related services than the Republican budget. Over the ten-year period (2002-2011), the Democratic budget provides \$129 billion more than the Republican plan in appropriated funding for education and related services. These funds allow Democrats to boost funding for critical priorities including:
 - 1) class size reduction
 - 2) school renovation
 - 3) teacher recruitment, training, and compensation
 - 4) Title I aid to the disadvantaged
 - 5) Pell Grants and other higher education programs
 - 6) special education (IDEA)
 - 7) after-school programs, instructional technology, and school counselors
 - 8) Head Start

- ! ***Republicans Gut School Renovation Funding*** — The Republican budget retroactively allows states to divert \$1.2 billion in 2001 school renovation funds to other education programs. For 2002, school renovation funds are eliminated. This cut comes at a time when more than \$100 billion is needed to bring public elementary and secondary classrooms into adequate condition, according to GAO. Because the Democratic budget provides \$4.8 billion more in appropriated funding for education and related services in

2002 and \$129 billion more over ten years than the Republican budget, Democrats can provide funds to address this critical need.

- ! ***Republicans Don't Do Enough for Pell Grants*** — For 2002, the Republican increase of \$1 billion for Pell Grants is only enough to raise the maximum award by \$150, from the current \$3750 to \$3900. President Bush promised to raise the maximum Pell Grant award to \$5100 for freshmen. The Republican budget falls \$1.5 billion short of the amount needed to fulfill this promise. For 2002, the Democratic budget provides \$4.8 billion more in appropriated funding for education and related services than the Republican budget; over ten years, Democrats provide \$129 billion more than Republicans. These increases provide enough funding for an increase in the maximum Pell Grant award that is considerably larger than the increase offered by the Republican budget.
- ! ***Democrats Provide More than Republicans for Special Education (IDEA)***— The Republican budget creates a reserve fund for 2002 only for special education through the Individuals with Disabilities Education Act (IDEA), and caps it at \$1.25 billion. By contrast, the reserve fund in the Democratic budget offers up to a \$1.5 billion increase for special education (IDEA), and continues the funding every year for ten years, by permitting an increase in the appropriations allocation equal to additional spending.
- ! ***Republicans' Education Increases Might Mean Cuts for Head Start and Job Training*** — For 2002, the Republican budget increases all appropriated funding for education, employment and training, and social services by only \$2.0 billion over the 2001 level. In order to increase funding for the Department of Education by the \$2.4 billion their budget indicates, cuts of \$400 million for 2002 would have to be made to other programs such as Head Start and job training. By providing \$4.8 billion more than the Republicans in appropriated funding for education and related services for 2002 and \$129 billion more over ten years, Democrats can meet our nation's educational challenges without cutting the programs needed to prepare our children for school and to ensure that our workers continue to upgrade their skills.



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The Republican Budget Cuts Non-Defense Appropriations

The Republican budget finances its large tax cut by assuming that non-defense appropriations will be held to unrealistically low levels over the next ten years. The Republican budget increases a few select areas, such as education and the National Institutes of Health, but these increases simply force larger cuts in other non-defense programs. If these cuts are made, they will hurt key domestic investments which enjoy broad support among the American people. If the cuts are not made and the large tax cut is enacted, Congress risks raiding the Social Security and Medicare Trust Funds. Even the Chairman of the Senate Budget Committee said that “some functions of government just can’t take as big a cut as they’re [the Bush Administration] talking about.”

! ***Cuts in the Republican Budget*** — Some examples of the agencies or programs that are cut under the Republican budget include, but are not limited to, the following:

- The bipartisan fund established last year for conservation, preservation, and recreation programs in the Interior Appropriations bill;
- The Environmental Protection Agency;
- The Department of Agriculture (including field offices);
- The National Aeronautics and Space Administration (NASA);
- Renewable and alternative energy research and development;
- The Army Corps of Engineers;
- Federal support for railroads;
- The Small Business Administration;
- Community Development Block Grants;
- The Department of Justice;
- The Legal Services Corporation;
- The Equal Employment Opportunity Commission; and
- After 2002, veterans health care.

! ***An Average Cut of 6.7 Percent for Most Non-Defense Appropriations*** — For 2002, the Republican budget cuts non-defense by \$6.0 billion below the level needed to keep pace with inflation. This cut is compounded by the fact that the Republican budget increases

a few selected areas, including education, the National Institutes of Health, international affairs activities, and veterans programs. These increases mean that the remaining non-defense programs must be cut an additional \$5 billion. Thus, the Republican budget cuts \$11.0 billion (6.7 percent) from the remaining non-defense programs in 2002 alone.

- ! ***Other Cuts Unknown, But Sure to Come*** — Given the paucity of information contained in both the President's Blueprint and the Republican budget, it is impossible to state precisely what other programs are cut. However, it is safe to say that there will be cuts to other important programs. Examples of programs that may be cut, but which we cannot know for certain until more information is provided, include the Ryan White AIDS grants, consumer health and safety programs, the Food and Drug Administration, "Meals on Wheels," job training programs, and Head Start. If these programs are not cut, then other programs will be cut by an even higher percentage.
- ! ***The Return of the "Magic Asterisk"*** — The Republican budget, like the President's Blueprint, specifies few cuts. This is reminiscent of the "magic asterisk" in the early 1980's that the Reagan Administration used in its budget documents to indicate deep but unspecified cuts in spending. Of course, the Reagan Administration generally never made the cuts it assumed, leading to chronic budget deficits that have only recently been erased. Likewise, it is highly unlikely that the unspecified cuts in the Republican budget will ever be enacted.

Democrats Provide Realistic Levels for Non-Defense Appropriations

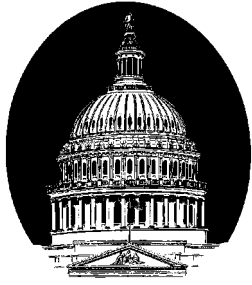
In stark contrast to the Republican budget, the Democratic budget increases funding for non-defense appropriations by a total of \$250 billion over what is needed to keep pace with inflation. This level of growth is required to increase important priorities such as education, health research, and environmental programs without wreaking havoc on other important programs.

- ! ***Priorities in the Democratic Budget*** — The Democratic budget provides significant increases for high priority areas. The Democratic budget increases funding over a ten year period above what is needed to maintain purchasing power at the 2001 level by the following amounts:

Education, Training, Employment, and Social Services	\$151 Billion
Health Research and Public Health programs	\$65 Billion
General Space and Science (NSF, NASA, DOE basic science)	\$14 Billion
Environmental Programs	\$6 Billion
Low-Income Assistance*	\$5 Billion

**Measured in outlays.*

- ! ***A Real Emergency Fund*** — The Democratic budget provides \$50 billion over 10 years to cover emergency funding for natural disasters. While the Republican budget claims to have a reserve fund, it is overstated because agencies and programs will not be cut as much as the Republican budget now assumes.



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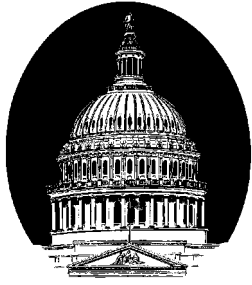
Republicans Raid the Medicare HI Trust Fund

- ***Republicans Raid Medicare's HI (Part A) Trust Fund*** — The Republican budget uses the HI Trust Fund to pay for a woefully inadequate prescription drug and Medicare reform proposal even though the trust fund is already dedicated to paying for current benefits. Because they use the HI Trust Fund for Medicare-related purposes, Republicans say it is a legitimate use of the trust fund. Republicans say they don't raid Medicare, but they do. Using the HI Trust Fund for purposes other than current benefits clearly shortens the solvency of the trust fund.

Using the HI Trust Fund for purposes other than current benefits also ignores the fact that current law dedicates the HI (Part A) Trust Fund to pay solely for benefits related to hospital, skilled nursing home, hospice, and certain home health services, not prescription drugs and Medicare reform. Monies diverted from the trust fund for any purpose must be paid back with interest. The Republicans ignore this requirement in their budget.

- ***Republicans Won't Tell You What They Are Doing*** — Like the President's February Blueprint, the Republican budget does not specify a prescription drug benefit. Instead, the Republican budget combines undefined Medicare reform with an undefined drug benefit, and funds both inadequately. The President's so-called Immediate Helping Hand proposal which is included in the Republican budget is not a permanent Medicare drug benefit. It is a temporary (4 years) block grant giving states funds to help low-income seniors who are not on Medicaid.
- ***Republicans Don't Pay for an Adequate Drug Benefit*** — Their budget includes only \$153 billion for an undefined prescription drug benefit and undefined Medicare reform. This is less than the cost of last year's Republican prescription drug bill (\$159 billion over ten years), and the price of prescription drugs has only increased. It is why Republican leaders like Rep. Billy Tauzin, Chairman of the Energy and Commerce Committee, said, "Everybody knows that figure is gone." It was set before CBO re-estimated last year's House bill, which he said is "already over \$200 billion and climbing." (Congress Daily, page 3, 3/22/01)

- ***Republicans Ignore Half of Those Needing Drug Coverage*** — All statements by the President and Republican leaders indicate that the \$153 billion drugs/reform package offers immediate aid only to those with low incomes who are not on Medicaid. Republicans ignore the fact that over half of those without Medicare drug coverage have incomes above 150 percent of poverty.
- ***Republicans Haven't Supported Universal Drug Coverage in Medicare*** — In the past, Republicans relied on private insurance companies, not Medicare, to provide drug benefits to seniors. Last year's House Republican bill relied on an unstable and unreliable Medigap market to provide drug coverage to seniors. This private insurance model was deemed unworkable by the insurance industry itself.
- ***What Is Medicare Reform?*** — Republicans often tout vouchers as Medicare reform. In the past, a key feature of the Republican reform proposals to restructure Medicare has been replacing the current defined benefit with a defined contribution. This means abolishing the universal entitlement to health care and replacing it with a voucher covering a portion of a person's costs for an insurance plan. Because the Republican budget devotes so few resources to Medicare, there is concern that reform proposals will increase beneficiary costs, cut benefits, limit access to health care services, or cut provider payment all under the guise of "reforming" Medicare.



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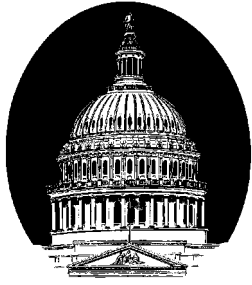
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Democrats Create a Real Medicare Drug Benefit, Improve Access to Affordable Health Care, Invest in NIH Research, and Protect Public Health Programs

- ***Medicare Prescription Drugs*** — The Democratic budget gives a real Medicare prescription drug benefit to all seniors and protects low-income seniors from any cost-sharing requirements. Republicans won't say what they are really doing. The President's plan covers only those with low incomes even though over half of those without Medicare drug coverage have incomes above 150 percent of poverty. Top House Republicans such as Chairman Tauzin and Senate Republicans such as Chairman Grassley declared the President's plan dead. Yet, the Republican budget resolution continues to embrace the proposal.
- ***Democrats Fund Medicare Anti-Fraud Activities*** — The Democratic plan maintains management and administrative funds at the current services level. If the Medicare and Medicaid programs are to be administered with an eye to preventing fraud, waste, and abuse, the funding level must not be cut. However, the Republican budget cuts these funds below the current services level by \$100 million for 2002 and by \$4.3 billion over ten years (2002-2011). The Republican budget makes these cuts in spite of testimony by the Secretary of Health and Human Services, Tommy Thompson, that greater resources must be allocated to managing these enormous and vital health care programs.
- ***Democrats Boost NIH to Meet Doubling Goal*** — The Democratic budget keeps the commitment to double funding for NIH by 2003. The Democratic plan boosts NIH funding by at least \$2.8 billion over the 2001 level. Unlike the Republican budget, the Democratic plan does not decimate other health programs to meet this goal.
- ***Democrats Don't Gut Other Health-Related Programs to Boost NIH*** — Democrats don't sacrifice funding for other health-related programs to boost funding for NIH. For 2002 alone, the Democratic budget provides \$1.7 billion more than the Republican plan for health programs subject to annual appropriations. Over ten years (2002-2011), the Democratic plan provides \$4.0 billion more than the Republican plan for programs not

targeted for increases. These funds maintain the current services for programs such as the Centers for Disease Control, Maternal and Child Health, Ryan White AIDS grants, Title X family planning, the Food Safety and Inspection Service, and the Food and Drug Administration.

- ***Improved Access to Affordable Health Insurance for Low-Income Families*** — Unlike the Republican plan, the Democratic budget makes a down payment on a plan allowing the parents of children eligible for Medicaid or the State Children's Health Insurance Program (S-CHIP) to participate in the same program as their children. Recent evidence suggests that making the parents eligible for the programs is an effective way to reach the remaining eligible (about 7 million), but uninsured, children.
- ***Expanded Access to Affordable Health Insurance for Disabled Children*** — The Democratic budget includes "The Family Opportunity Act." The proposal allows states to expand Medicaid coverage to children with disabilities provided that family income does not exceed 300 percent of poverty. The Democratic budget increases Medicaid spending by \$200 million in 2002 relative to current law and \$8 billion over ten years (2002-2011) for this purpose. This initiative builds on previous Congressional action to improve access to health care and health insurance for the working poor.
- ***Restore Health Coverage for Legal Immigrants*** — The Democratic plan allows states to provide health care coverage for certain legal immigrants regardless of the date they entered the United States. States could cover legal immigrant children under the Medicaid or the State Children's Health Insurance Program, and Medicaid benefits could be provided for pregnant women and those who become disabled after entering the country. These legal immigrants were denied health coverage under welfare reform.



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Democrats Keep The Promise to the Environment

When it comes to the environment, the Democratic budget far outshines the Republican plan. For 2002, the Democratic budget provides \$30.0 billion for natural resources and environmental appropriations, \$3.6 billion more than the Republican budget. Over ten years, the Democratic resolution is \$59.1 billion higher. By contrast, for 2002 the Republican plan cuts \$2.3 billion (8.1 percent) from last year's level, which is \$3.3 billion (11.1 percent) below the level needed to maintain current purchasing power for environmental programs.

Environmental Initiatives Made Possible By the Democratic Budget

- ! ***Democrats Preserve Funds for Priority Conservation Programs*** — The Democratic budget adheres to last year's landmark agreement setting aside dedicated funding for conservation, preservation, and recreation programs. The Democratic budget provides the entire \$10.4 billion called for in last year's agreement, which received wide bipartisan support from Congress. The President's budget backtracked on this popular agreement, and the Republican budget follows suit.
- ! ***Democrats Make the Needed Investments in Water Infrastructure*** — The Democratic budget provides the resources to start tackling the nation's water infrastructure needs, which the Environmental Protection Agency (EPA) has calculated at over \$150 billion for drinking water and \$140 billion for wastewater over the next 20 years. The Republican budget fails to address these needs.
- ! ***Democrats Fund Revitalization of Brownfields*** — The Democratic budget funds new grants for states to help them set up and carry out clean-up programs for brownfields. Helping states with this problem will spur economic development in urban areas and remove one of the causes of urban sprawl. The Democratic plan provides \$200 million annually for new grants (\$2.0 billion over ten years). The Republican budget ignores this problem completely.

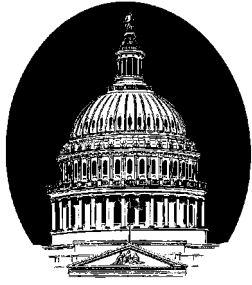
- ! ***Democrats Take On the Western Wildfire Threat***— Last year, the U.S. experienced the worst wildfire season since 1988, and this year's could be just as bad. Democrats maintain the funding for wildfire prevention and response programs. In contrast, Republicans cut these programs and rely on an emergency reserve fund that already has too many demands on it.

Republicans Cut Environmental Initiatives

For 2002, the House Republican budget provides \$26.4 billion for natural resources and environmental appropriations. The Republican plan cuts nearly \$2.3 billion (8.1 percent) from last year's enacted level and \$3.3 billion (11.1 percent) from the level needed to maintain purchasing power for these programs.

The Republicans say that this decrease is justifiable because there is no need to repeat funding for 2001 emergencies, such as for last summer's wildfires in the West. However, even after adjusting for emergency funding, the levels in the Republican resolution still translate into severe cuts to natural resources and environmental programs. In fact, after the adjustment for emergencies, the Republican budget for environment and natural resources doesn't return to the 2001 funding level ***until 2007***. Cuts of this magnitude undermine our ability to manage our public lands and to protect public health and the environment.

- ***No Room for Priority Conservation Funding***— The Republican plan does not provide for the priority conservation programs given dedicated funding in last year's bipartisan agreement. For 2002, funding for these programs should total \$1.76 billion. Instead, President Bush has proposed only \$1.5 billion for 2002, and he cuts funding over the next five years by \$2.7 billion below the authorized levels. Although the House Republicans have not explicitly accepted this proposal, their environmental budget exactly matches the President's. The lack of funds means that we lose the opportunity to secure America's natural treasures, and it means no new funding to help states and localities preserve open space, restore urban parks, and protect coastal resources.
- ***The President Has Made Environmental Promises, But Where's the Money?***— President Bush has made two major environmental promises: (1) to provide \$900 million ("full funding") for the state and federal land acquisition programs funded out of the Land and Water Conservation Fund (LWCF); and (2) eliminate the \$4.9 billion maintenance backlog of the National Park Service. However, with his funding totals, he can only live up to these promises by cutting other vital environmental and natural resources programs. The Republican budget follows his lead.



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The Republican Budget Cuts Emergency Assistance for Farmers

Even though agriculture has received more than \$27 billion over the past three years in emergency funding, the Republican budget resolution fails to provide *any* emergency income assistance for farmers. Instead, the Republican resolution suggests a “Strategic Reserve Fund” will meet any additional needs for America’s farmers, the Pentagon, and many others whose needs are ignored in their budget.

Why the Reserve Fund Rankles Farmers

- ! ***Guns, Butter, or Debt Reduction?*** — Since the reserve fund is intended for agriculture, defense, and “other appropriate legislation,” additional money for agriculture is not a sure thing in the Republican budget. The reserve fund structure forces agriculture to compete with defense and other undefined critical needs for the proposed funding. In addition, using any of the reserve funds for defense, agriculture, or anything else reduces the amount of debt reduction claimed under the Republican plan.
- ! ***Race to The Reserve*** — The strategic reserve fund in the Republican resolution creates undesirable time pressures on the agricultural community. If the Department of Defense completes its review and uses all the money available in the reserve fund before the Agriculture Committee completes its work, farmers will be out of luck, regardless of how severe the crisis is.
- ! ***A Farm Bill with Only One Title*** — If the Agriculture Committee rushes through an updated policy to help farmers, it is likely to take the form of an early reauthorization of the commodity title of the Farm Bill. This tactic abandons the other equally important titles of the Farm Bill, such as conservation, research, and nutrition, and fractures the necessary coalitions that make Farm Bill reauthorization possible.
- ! ***The Hourglass Problem*** — The amount of money in the strategic reserve fund, from which additional agriculture and defense needs are to be taken, is based on the non-Social Security, non-Medicare surplus. However, under the Republican resolution there is

virtually no surplus in 2005 and 2006, if the tax cut totals \$1.6 trillion and if current projections hold true. These are very big “ifs.” Crafting a long-term agriculture strategy is nearly impossible when the funding stream dries up in the middle of the period in question.

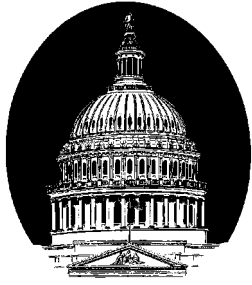
Democrats Cultivate Real Relief

- The Democratic budget provides an additional **\$8 billion in 2002, \$6 billion in 2003, and \$4 billion per year thereafter** for income assistance for farmers. This funding level is nearly what farmers have received, on average, over the past three years and provides a more realistic assumption of future agriculture spending.
- The Democratic budget offers a reliable funding stream, allowing farmers to plan more effectively for coming years. Under the Democratic plan, farmers will not face the uncertainty of ad hoc emergency spending measures.
- By providing a set amount of money, the Democratic budget does not risk invading the Social Security or Medicare Trust Funds for farm programs, especially in 2005 and 2006, when the non-Medicare, non-Social Security surplus is very thin.
- Under the Democratic plan, farmers do not face the possibility of having their livelihood threatened by a defense increase or by projections of a surplus that fail to materialize.

Democrats Beef Up Appropriated Programs While Republicans Crop Funding

The Democratic budget provides approximately \$5 billion for appropriated programs for 2002, which is \$200 million more than the Republican budget and consistent with the level needed to maintain agriculture programs at inflation-adjusted levels. Over ten years, Democrats provide \$700 million more for appropriated programs than Republicans.

The Republican resolution cuts funding for appropriated programs by \$200 million (4 percent) relative to the amount needed, according to CBO, to maintain constant purchasing power for 2002. Over ten years, appropriated agriculture programs in the Republican budget are cut by \$700 million below the level of current services. This reduction could hamper USDA's ability to improve staffing levels and modernize field offices, an item President Bush claims is a priority. Cuts to appropriated programs could also jeopardize the Animal and Plant Health Inspection Service, which is instrumental in the USDA's battle to keep foot-and-mouth disease (and other diseases and infestations) out of the country.



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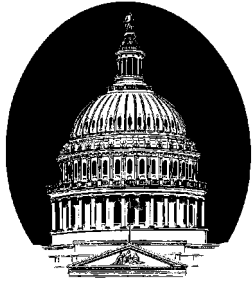
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Republican Budget for Veterans: Dignify Now, Cut Later

- ! ***Republicans Recommend a Fleeting Flourish*** — While providing an increase of \$700 million for appropriated programs for 2002, over ten years the Republican resolution cuts appropriated funding for veterans by \$11.6 billion relative to the level CBO estimates the VA will need to maintain constant purchasing power.
- ! ***Democrats Demand a Legitimate Lift*** — The Democratic budget provides an \$849 million increase for 2002, a \$100 million increase for 2003, and keeps veterans funding over ten years constant with inflation. Over ten years, Democrats provide \$12.6 billion more than the Republicans for appropriated programs for veterans.
- ! ***Republicans Match Entitlement Funding in the Democratic Budget*** — Both the Republican budget resolution and the Democratic budget add \$200 million in 2002 and \$5.9 billion over ten years to veterans mandatory programs, through the following initiatives:

Montgomery GI Bill Improvements: Benefits raised from \$650 to \$800 in 2002, to \$950 in 2003, and to \$1,100 in 2004 and beyond.

Portions of H.R. 801: Burial and funeral benefits raised from \$1,500 to \$2,000 for service-connected disabilities and from \$150 to \$300 for other situations; burial plot benefit raised from \$150 to \$300; assistance for automobile and adaptive equipment increased from \$8,000 to \$9,000; and Servicemembers' Group Life Insurance coverage extended to spouses and children.



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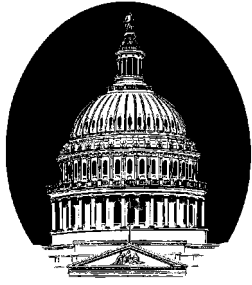
Democrats Expand Economic Opportunity for Working Families

The Democratic budget seizes on our unprecedented prosperity by making sure that working families share in the benefits of economic boom; helping families get employed, stay employed or find better-paying jobs; addressing critical needs; and reaching out to society's most vulnerable.

- ***Democrats Cut Taxes to Help Working Families*** — The Democratic budget builds on the success of the Earned Income Tax Credit (EITC), which has lifted millions of low-income working families out of poverty. Democrats expand the EITC by reducing the marriage penalty, increasing the value of the credit, and simplifying EITC filing rules to increase access and reduce errors. The Democratic budget includes \$60.8 billion in EITC tax cuts for working families. The Republican plan includes only \$12.9 billion for EITC.
- ***Eliminating Hunger for Working Families*** — Only 59 percent of all eligible families and just 47 percent of eligible working families participate in the Food Stamp program. The Democratic budget increases food stamp spending by \$381 million in 2002 and \$8.0 billion over ten years relative to current law. The Democratic budget improves food stamp benefits and increases working families' access to important nutritional assistance. The Republican budget maintains the inadequate status quo. The Democratic budget increases WIC funding for inflation, while the Republican budget freezes program participation at last year's level.
- ***Democrats Preserve LIHEAP Funding*** — The Democratic budget provides \$1.7 billion for LIHEAP in 2002, increasing both the standard program and contingent emergency funds for inflation. Despite skyrocketing energy costs and the recent experience of energy emergencies, the Republican plan freezes LIHEAP and makes no request for emergency funds. Last fall, President Bush pressed for the release of all available LIHEAP emergency funds. While this was a cornerstone of the President's proposed response to last winter's energy crunch, under the Republican budget, President Bush's ability to respond is limited.
- ***Democrats Support States' Child Care Efforts*** — The Democratic budget ensures that funds for the Child Care and Development Block Grant keep pace with inflation. The

Democratic plan also increases the Child Care and Development Fund spending by \$2.3 billion over ten years. Republicans reduce CCDBG funds by \$200 million in 2002 to pay for a new voucher initiative and freeze CCDF funds after 2002.

- ***Democrats Boost Title XX Social Services Block Grant (SSBG)*** — Funding in the Democratic budget would allow an increase in SSBG to at least \$2.38 billion in 2002. The Republican budget does nothing for SSBG.
- ***Welfare to What?*** — The Republicans let Temporary Assistance for Needy Families (TANF) Supplemental Grants expire in 2001. Even worse, the Republican budget encourages states to divert the remaining federal TANF funds to pay for state income tax credits for charitable contributions. These TANF funds would otherwise provide critical welfare-to-work services. The Democratic plan preserves TANF funds for low-income families and continues TANF Supplemental Grants in 2002.
- ***Democrats Address the Affordable Housing Crisis, Republicans Undermine Safety and Security*** — The Democratic budget maintains the nation's commitment to affordable housing. Democrats create additional affordable housing, providing 84,000 new Section 8 housing vouchers in 2002 and \$1.2 billion over ten years to provide new housing resources for the low-income elderly as the Baby Boomers retire. Republicans provide *half* the number of Section 8 housing assistance vouchers created in recent years; fund their new home ownership initiative out of the existing HOME program; and **cut over \$1 billion** from critical building repairs, security and anti-crime activities in public housing.
 - ▶ Republicans ignore \$22.5 billion in unmet public housing capital repair needs.
 - ▶ Republicans endanger 1.3 million families (40 percent of whom are elderly or disabled) by cutting over \$300 million in security and anti-crime programs.
- ! ***Democrats Restore Equity in Benefits for Legal Immigrants*** — The Democratic budget builds on earlier restorations of benefits for legal immigrants who lost eligibility in the 1996 welfare reform legislation. It extends Supplemental Security Insurance (SSI), and Medicaid benefits to certain legal immigrants who entered the country after 1996 and have been here for five years. It also restores food stamp benefits. Republicans ignore this group of vulnerable people.



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Republican Science Budget Fails to Secure the Future

- ! ***Republicans Ignore NSF*** — The Republican budget fails to invest in NSF for 2002 and beyond. Instead of giving NSF additional funds to complement NIH's groundbreaking research, the Republican budget fails to add new research resources. The Republican resolution does this despite the pleas of their own experts in this area. The House Science Committee's Majority Views and Estimates issued this month recommend that "NSF should continue to grow in FY2002 and future years." Yet, the Republican budget does not allow for any increase over the amount needed to maintain purchasing power for NSF in 2002.
- ! ***Republicans Cut NASA*** — For 2002, the Republican budget cuts NASA by \$160 million below the level needed to maintain purchasing power for 2002.
- ! ***Republicans Mask Likely Science Cuts*** — Republicans claim to be substantially increasing real spending for science because their budget incorporates a mistake of \$800 million for 2002 from the February Blueprint. The President's April budget corrects this mistake, and the Republican budget is also likely to correct the error in conference committee. This leaves science programs in the Republican budget more than \$200 million below current services for 2002.

Democrats Invest to Meet Tomorrow's Challenges

- ! ***Democrats Put Their Money Where Their Mouths Are*** — For 2002, the Democratic budget provides \$300 million more than the Republican budget for NSF, NASA, and Department of Energy science programs. Over the ten-year period (2002-2011), the Democratic budget provides \$3 billion more than the Republican budget for these programs.
- ! ***Democrats Boost NIH to Meet Doubling Goal*** — The Democratic budget keeps the commitment to double funding for NIH by 2003. For 2002, the Democratic plan boosts

NIH funding by at least \$2.8 billion over the 2001 level. Unlike the Republican budget, the Democratic plan does not decimate other health programs to meet this goal.

! ***Democratic Budget Reflects the Consensus on Science*** —

Recently the Hart-Rudman Commission on National Security/21st Century — a bipartisan group including former Reps. Gingrich and Hamilton — emphasized:

“If the United States does not invest significantly more in public research and development, it will be eclipsed by others.”

In addition, the National Science Policy report — authored by Rep. Ehlers (R-MI) and endorsed by the House in 1998 — concluded:

“The federal investment in science has yielded stunning payoffs.”

Furthermore, the 2001 Majority Views and Estimates of the House Science Committee remind us:

“[s]cience and technology are the keystones of our economic prosperity” and
“advances in science and technology do not come cheap or without focused effort
. . .”



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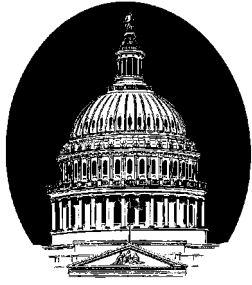
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Republicans Take a Bite Out of Crime Fighters

- ***Republicans Gut Justice Programs*** — Like President Bush's February Blueprint, the Republican budget cuts justice programs by \$1.6 billion in 2002, and \$19.3 billion over ten years.
- ***Republicans Cut COPS*** — The enormous cuts to overall funding of justice programs threaten the Community Oriented Policing Service (COPS) program which, since 1994, has placed over 100,000 new police officers on the street while also providing administrative and technological resources for state and local law enforcement entities. The COPS program, which has been the cornerstone of community crime prevention efforts, has helped reduce violent crime since 1994, bringing the nation's crime rate to a 25-year low. When Democrats offered an amendment during the markup to fund the COPS program, every Republican voted against the amendment and every Democrat voted for the amendment.
- ***Democrats Keep COPS on the Streets*** —The Democratic budget maintains purchasing power for Administration of Justice programs, ensuring the continuation of the COPS program. The Democratic budget increases funding above the Republican budget so that an additional 100,000 police officers will be on the street by 2011.
- ***Democrats Make Justice a Priority***— The Democratic budget provides \$1.6 billion above the Republican budget for justice programs for 2002, and \$19.3 billion above the Republican budget over ten years.



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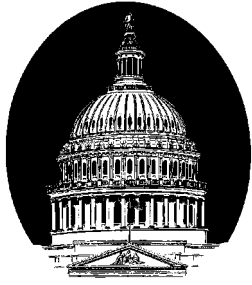
Democrats Deliver on Defense

The Democratic budget provides a \$7.1 billion defense supplemental for 2001 and provides \$48 billion more for defense over the next ten years than the Republican budget. This level ensures quality of life improvements for our troops and their families, provides the funding necessary to modernize and replace aging equipment, expands important non-proliferation programs, and funds the research and development necessary to transform our military to meet the challenges of the new century. In short, the Democratic plan will make sure the Armed Forces of the United States remains second to none in the world.

- ***Democrats Support the Troops*** — The Democratic budget provides \$7.1 billion for an immediate infusion of funding for our troops. Of this amount, \$1.4 billion is for urgently needed funding for health care, \$1.0 billion is for ensuring the full pay raise Congress authorized last year is provided, and \$4.7 billion is for items vital to maintaining readiness.
- ***Improving Quality of Life for Military Personnel and Their Families*** — The Democratic budget guarantees the pay raises Congress authorized last year for 2002 - 2006, and maintains the raises thereafter. The plan also provides sufficient funds for items directly linked to the quality of life for U.S. military personnel and their families, such as housing and health care.
- ***Meeting the Challenges of the Next Century*** — The Democratic budget provides the funds necessary to modernize and replace aging or obsolete equipment. The plan also provides extra funding for research and development necessary to transform our military capabilities to meet new threats, such as cyber-attacks.
- ***Expanding Non-Proliferation Programs*** — The Democratic plan provides additional funds to expand programs that stop the spread of fissile materials and weapons of mass destruction to rogue nations or terrorist groups. These programs represent the first line of defense against weapons of mass destruction.
- ***The Democratic Budget Does Not Fund "Star Wars"*** — The Democratic plan assumes that the funds included for defense will not be used to deploy a space-based missile defense system.

The Republican Check for Defense Is in the Mail

- ***The Republican Budget Does Not Assume a Defense Supplemental*** — The Republican budget does not assume Congress will provide a supplemental appropriations bill for the Department of Defense for 2001. The Department needs these funds to guarantee the pay raises Congress authorized last year, avoid shortfalls for health care for military personnel and retirees, and maintain the military readiness of our troops.
- ***The Republicans Place Greater Importance on the Tax Cut Than Defense*** — The Republicans admit the level for defense is a “place holder” until the Bush Administration completes a strategic review of defense requirements. While this appears logical at first glance, they are rushing to enact a massive tax cut before this review is completed. The tax cut will reduce the surplus to the point where it likely will not be sufficient to meet defense and other spending requirements. A responsible budget would ensure sufficient funding for defense before calculating the size of the tax cut.
- ***The Republicans’ Blank Check Missile Defense Policy Could Bankrupt Defense*** — The President’s budget for defense is still not determined, but the Bush Administration has already committed itself to missile defenses capable of protecting “our deployed forces abroad, all 50 States, and our friends and allies overseas.” Such defenses will likely be a combination of ground, sea, and space-based systems that could easily cost more than \$100 billion over the next ten years. This ideological commitment to missile defense is being made without knowing the size of the defense budget, and could well come at the expense of funding needed to improve the quality of life for our troops and their families, important non-proliferation programs, and replacing and developing conventional weapons.
- ***The Republican “Strategic Reserve” Is Running on Empty*** — The Republican budget justifies a “place holder” defense budget on the grounds that there is a “strategic reserve” that can be tapped for defense, agriculture, and other “appropriate” priorities. The problem is that this strategic reserve is already oversubscribed. In fact, the reserve is entirely consumed if there is an honest accounting of the true costs of the President’s tax cuts. In addition, the “strategic reserve” is dependent on the assumption that Congress will make large and continuing cuts to many non-defense programs.



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Election Reform — Preserving Democracy

- ***Making Every Vote Count*** — The Democratic budget provides for the enactment of election reform legislation guaranteeing state and local election jurisdictions sufficient funds to replace outdated and outmoded voting technologies. The Democratic plan provides \$1 billion in 2001 and \$500 million in 2002 to enable these jurisdictions to replace this faulty equipment in time for the 2002 election cycle.
- ***Protecting Voters from Being Disenfranchised*** — The Republican budget does not include any funds for this purpose. The Democratic budget recognizes that an individual's right to vote is the linchpin of democracy. Efforts to improve voting equipment are necessary to avoid the fiasco of the 2000 election in which entire communities lost their right to be counted because of inappropriate voting equipment. Therefore, the Democratic budget provides resources for the purchase or lease of updated voting technology for election jurisdictions.